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The Pensions
Regulator 

Trustee Knowledge and Understanding

Trustee toolkit index

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Trustee Knowledge and Understanding (TKU)

The *Trustee toolkit* index

This index will allow the learner to find the whereabouts in the *Trustee toolkit* of the scope item they need to cover. The index covers the full scope guidance, ie defined benefit (DB) schemes with an associated defined contribution (DC) scheme. Trustees of defined contribution only schemes and small insured defined contribution schemes have a reduced scope guidance, so the numberings will not be the same. They should, however, be able to find the relevant headings.

The index will direct the learner first to the relevant module(s). Scenarios are the part of the toolkit where the fictional trustee board story is played out. The titles of these will be followed by '(S)'. The tutorials are the supporting material and cover the learning points in more depth. The tutorial headings are followed by '(T)'.

Trustee toolkit index

Unit 1: The law relating to trusts

This includes an understanding of the special nature of a pension trust and the duties, obligations and powers of trustees to operate pension schemes in accordance with the law and the trust documentation.

No	Scope stem items	Toolkit module	Scenario (S) or Tutorial (T) heading
1a	The definition and nature of a pension trust	Introducing pension schemes	Your introduction (S) Finding out more (S) What is a pension scheme? (T) Important documents (T)
1b	Fiduciary duties	The trustee's role	Your first meeting (S) Duties (T)
1c	Professional advice and decision-making	The trustee's role	Your second meeting (S) Advisers and suppliers (T)
1d	The role of advisers and suppliers to the scheme	Introducing pension schemes	Finding out more (S) Risk controls (T)
		The trustee's role	Your second meeting (S) Advisers and suppliers (T)
		Fund management	Time for a change? (S) Changing a fund manager (T)
1e	The particular role and use of advisers in special situations (DB only)	How a DB scheme works	Storm clouds ahead? (S) A potential new employer (T)
1f	Investment of scheme assets	The trustee's role	Your first meeting (S) Duties (T)
		Strategic investment	Looking at liabilities (S) Introduction to asset allocation (T)
1g	The operation of the scheme in accordance with the trust documentation	The trustee's role	Your second meeting (S) Powers and responsibilities (T)
1h	Trustees' powers	The trustee's role	Your first meeting (S) Duties (T)
		Running your scheme	Spring has sprung (S) Folder for new trustees (T)

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Unit 1: The law relating to trusts *continued*

1i	The balance of powers between the sponsoring employer and the trustees	The trustee's role	Your first meeting (S) Your second meeting (S) Conflicts of interest (T) Powers and responsibilities (T)
		Pensions law	Trouble ahead? (S) Negotiating with the employer (T)
		DB recovery plans, contributions and funding principles	Preparation (S) Determining the contribution rates (T)
1j	Conflicts of interest	The trustee's role	Your first meeting (S) Conflicts of interest (T)
		How a DB scheme works	Company for sale (S) Employer related risk (T)
		Running your scheme	Mince pie anyone? (S) Trustee meetings (T)
1k	Taking office	The trustee's role	The new trustee (S) Becoming a trustee (T)
1l	Fitness and propriety to act as a trustee	The trustee's role	The new trustee (S) Becoming a trustee (T)
		Running your scheme	Mince pie anyone? (S) Trustee meetings (T)
1m	Ceasing to hold office	The trustee's role	The new trustee (S) Becoming a trustee (T)
1n	Protections and immunities offered to trustees	The trustee's role	Your first meeting (S) Your second meeting (S) Trustee protection (T)
		Introducing pension schemes	Risk controls (T)
1o	Trustees' responsibility for sound governance and administration	Introducing pension schemes	Finding out more (S) Advisers and suppliers (T)
		The trustee's role	Your second meeting (S) Administration (T)
		How a DC scheme works	Member understanding (S) Administration (T)

Unit 2: The law relating to pensions

This includes occupational pensions legislation (in outline) and the key provisions of related legislation that affects pension schemes and impacts on the role and activities of pension scheme trustees.

No	Scope stem items	Toolkit module	Scenario (S) or Tutorial (T) heading
2a	Occupational pensions legislation	Pensions law	Legal update (S) Member disputes (S) Legislation (T) Codes and guidance (T)
2b	The tax privileges and requirements for occupational pension schemes	Pensions law	Member disputes (S) All about the regulator (T) Tax and the state pension (T)
		How a DC scheme works	Tax and investment (S) Tax regime (T)
2c	Pensions related legislation	Pensions law	Legal update (S) Member disputes (S) Legislation (T) All about the regulator (T)
2d	The particular powers of the regulator in relation to sponsoring employers as well as trustees (DB only)	Pensions law	Member disputes (S) Trouble ahead? (S) Corporate change (S) All about the regulator (T) Negotiating with the employer (T) Employers and the regulator (T) Corporate restructuring (T)
		How a DB scheme works	Company for sale (S) Employer related risk (T)
2e	Disputes resolution	Pensions law	Member disputes (S) Complaints and disputes (T)
2f	Member nominated trustees/directors	Pensions law	Legal update (S) Legislation (T)

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Unit 2: The law relating to pensions *continued*

2g	The law relating to internal controls and sound administration	Introducing pension schemes	Finding out more (S) Risk controls (T)
		The trustee's role	Your second meeting (S) Administration (T)
		How a DC scheme works	Member understanding (S) Administration (T)
2h	The interface between occupational schemes and state pension provision	Pensions law	Member disputes (S) Tax and the state pension (T)
2i	The obligation on employers to offer a qualifying scheme for all employees from 2012	Introducing pension schemes	Your introduction (S) What is a pension scheme? (T)

Unit 3: The basic principles relating to the investment of assets

This includes the major asset classes and their risk profiles as well as information about other assets classes and the principles of risk and reward.

No	Scope stem items	Toolkit module	Scenario (S) or Tutorial (T) heading
3a	Capital markets	The 4 major asset classes	Managing the money (S) Capital markets (T)
3b	The major asset classes and their characteristics	The 4 major asset classes	Managing the money (S) Focus on the fund (S) Major asset classes (T) Valuation and performance (T)
		Strategic investment	Looking at liabilities (S) Introduction to asset allocation(T)
3c	The implications of overseas investment	The 4 major asset classes	Back to the board (S) Risk and reward (T)
3d	The existence of other asset classes and investment techniques	The 4 major asset classes	Back to the board (S) With Profits schemes (T)
3e	The balance between risk and reward	The 4 major asset classes	Back to the board (S) Risk and reward (T)
		Strategic investment	Looking at liabilities (S) Looking at the risks (S) Introduction to asset allocation (T) Factors affecting funding levels (T) Risk profiling (T)

Unit 4: Funding – defined benefit (DB) occupational arrangements only

This includes the principles relating to the funding of DB occupational arrangements and the way in which the funding level is dependent upon the value of both the scheme's liabilities and its assets.

No	Scope stem items	Toolkit module	Scenario (S) or Tutorial (T) heading
4a	How the funding for DB occupational pension schemes works	How a DB scheme works	News from the actuary (S) Benefit calculations (T)
		Funding your DB scheme	Valuation (S) The statutory funding objective (T) Measuring the liabilities (T)
		DB recovery plans, contributions and funding principles	Preparation (S) Setting contributions (S) Accrued benefits funding methods (T) Future service funding methods (T)
4b	How liabilities are valued for different purposes	Funding your DB scheme	Valuation (S) Making assumptions (S) Measuring the liabilities (T) Calculating the liabilities (T) Impact of assumptions (T)
		DB recovery plans, contributions and funding principles	Preparation (S) Setting contributions (S) Accrued benefits funding methods (4b) Future service funding methods (4b)
		Strategic investment	Looking at liabilities (S) Introduction to asset allocation (4b) Factors affecting funding levels (4b)
4c	How the market value of assets is assessed	Strategic investment	Looking at liabilities (S) Factors affecting funding levels (T)
4d	Funding measures	Funding your DB scheme	Valuation (S) Making assumptions (S) Member matters (S) The statutory funding objective (T) Measuring the liabilities (T) Calculating the liabilities (T) Additional funding (T)

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Unit 4: Funding – defined benefit (DB) occupational arrangements only *continued*

4e	Potential risks to the ability of the scheme to pay benefits	How a DB scheme works	Storm clouds ahead? (S) Company for sale (S) A potential new employer (T) Implications of wind up (T) Employer related risk (T)
4f	The importance of complete, accurate and up-to-date data and calculations	The trustee's role	Your second meeting (S) Administration (T)
		How a DC scheme works	Member understanding (S) Administration (T)
4g	The impact of trustee powers	How a DB scheme works	News from the actuary (S) Company for sale (S) Benefit calculations (T) Implications of wind up (T)
4h	The nature and status of professional advice	DB recovery plans, contributions and funding principles	Preparation (S) Determining the contribution rate (T)
4i	Transfers and bulk transfers in and out of schemes	Funding your DB scheme	Member matters (S) Bulk transfers (T)

Unit 5: Contributions: defined benefit (DB) occupational arrangements only

This includes the principles relating to the setting of contributions.

No	Scope stem items	Toolkit module	Scenario (S) or Tutorial (T) heading
5a	The nature of the employer/trustee relationship and the effect of the scheme's funding level on the sponsoring employer	Pensions law	Trouble ahead? (S) Corporate change (S) Negotiating with the employer (T) Corporate restructuring (T)
		How a DB scheme works	News from the actuary (S) Managing the liabilities (T)
		Funding your DB scheme	Valuation (S) Measuring the liabilities (T)
		DB recovery plans, contributions and funding principles	Preparation (S) Determining the contributions (T)
5b	The way in which the sponsoring employer covenant reflects its ability to fund the scheme	Pensions law	Corporate change (S) Corporate restructuring (T)
		How a DB scheme works	News from the actuary (S) Managing the liabilities (T) Financial health checks (T) A potential new employer (T)
		DB recovery plans, contributions and funding principles	Setting contributions (S)
5c	The calculation of regular contributions to fund liabilities for future accruals	DB recovery plans, contributions and funding principles	Preparation (S) Setting contributions (S) Documents (S) Accrued benefit funding methods (T) Future service funding methods (T) Agreeing a schedule of contributions (T)
		Strategic investment	A visit from the actuary (S) Investment structures (T)

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Unit 5: Contributions: defined benefit (DB) occupational arrangements only *continued*

5d	The setting of special contributions for past service as required	DB recovery plans, contributions and funding principles	Setting contributions (S) Documents (S) Recovery plans (T) Agreeing a schedule of contributions (T)
5e	Member contributions	Funding your DB scheme	Member matters (S) Additional funding (T)
5f	The role of the sponsoring employer in the calculation and collection of member contributions	DB recovery plans, contributions and funding principles	Documents (S) Agreeing a schedule of contributions (T)
		How a DC scheme works	Member understanding (S) Administration (T)

Unit 6: Strategic asset allocation: defined benefit (DB) occupational arrangements only

This includes the principles relating to the suitability of different asset classes to meet the liabilities of the scheme, taking account of the strength of the employer covenant and the trustees' risk profile for the scheme.

No	Scope stem items	Toolkit module	Scenario (S) or Tutorial (T) heading
6a	The process of strategic asset allocation	Strategic investment	Looking at liabilities (S) Alternative assets (S) A visit from the actuary (S) Looking at the risks (S) Introduction to asset allocation (T) Factors affecting funding levels (T) Diversification (T) Chasing higher returns (T) New ways to reduce risk (T) Investment structures (T) Risk profiling (T)
6b	The characteristics of alternative asset classes and financial instruments	Strategic investment	Alternative assets (S) A visit from the actuary (S) Diversification (T) Chasing higher returns (T) New ways to reduce risk (T)
6c	The use of specialised investment techniques	Strategic investment	Alternative assets (S) A visit from the actuary (S) Diversification (T) New ways to reduce risk (T)
6d	Reviewing asset allocation decisions	Strategic investment	A visit from the actuary (S) New ways to reduce risk (T) Investment structures (T)

Unit 7: Running a defined contribution (DC) occupational arrangement (including AVCs)

This includes the principles relating to the operation of DC occupational arrangements and the risks borne by scheme members.

No	Scope stem items	Toolkit module	Scenario (S) or Tutorial (T) heading
7a	How DC occupational pension arrangements work	How a DC scheme works	A new board secretary (S) A member complains (S) Nature of DC schemes (T) Decisions at retirement (T) Charges (T)
7b	Administration procedures specific to DC occupational arrangements	How a DC scheme works	A new board secretary (S) Member understanding (S) Contributions (T) Administration (T)
7c	The role of the employer in the calculation and collection of member contributions	How a DC scheme works	A new board secretary (S) Member understanding (S) Contributions (T) Administration (T)
7d	The implications of the transfer of risk to members of DC occupational arrangements	How a DC scheme works	A new board secretary (S) Tax and investment (S) A member complains (S) Member understanding (S) Contributions (T) The tax regime (T) Investment choices for DC schemes (T) Decisions at retirement (T) Charges (T) Improving member understanding (T)
7e	The implications of contracting out	How a DC scheme works	A new board secretary (S) Nature of DC schemes (T)

Unit 8: Investment choices and the implications for members: defined contribution (DC) occupational arrangements (including AVCs)

This includes the principles relating to the choice of investments to be offered to members.

No	Scope stem items	Toolkit module	Scenario (S) or Tutorial (T) heading
8a	The implications for members of the investment strategy adopted by trustees	How a DC scheme works	Tax and investment (S) A member complains (S) Member understanding (S) Looking at liabilities (S) Investment choices for DC members (T) Charges (T) Improving member understanding (T)
		Strategic investment	Looking at liabilities (S) Introduction to asset allocation (T) Factors affecting funding levels (T)
8b	The importance of member understanding of investment risk	How a DC scheme works	Tax and investment (S) A member complains (S) Member understanding (S) Investment choices for DC schemes (T) Decisions at retirement (T) Charges (T) Improving member understanding (T)

Unit 9: Fund management

This includes the principles of fund management and how the performance of fund managers can be measured.

No	Scope stem items	Toolkit module	Scenario (S) or Tutorial (T) heading
9a	The structure of investment portfolios	Fund management	The quarterly report (S) Time for a change? (S) Active or passive (T) Tactical investment decisions (T)
		Strategic investment	Alternative assets (S) A visit from the actuary (S) Looking at the risks (S) Diversification (T) Investment structures (T) Risk profiling (T)
9b	The selection of fund managers	Fund management	A question of style (S) Time for a change? (S) Value or growth (T) Changing a fund manager (T)
9c	Investment mandates	Fund management	A question of style (S) Value or growth (T) A unique relationship (T)
9d	Measurement of performance using indices, benchmarks and targets	The 4 major asset classes	Focus on the fund (S) Valuation and performance (T)
		Fund management	The quarterly report (S) Performance against targets (T)
9e	The mechanisms for monitoring investment arrangements and fund managers	Fund management	The quarterly report (S)
9f	The importance of sound custody arrangements	Fund management	A question of style (S)
9g	The importance of responsible ownership of assets	Fund management	A question of style (S)
9h	The <i>Myners Principles</i> for the governance of the investment decision-making process	The 4 major asset classes	Focus on the fund (S) Looking after investments (T)

Unit 10: A working knowledge of the scheme's own trust documentation

This includes any subsequent amending documents.

No	Scope stem items	Toolkit module	Scenario (S) or Tutorial (T) heading
10a	The duties, powers and discretions of trustees	The trustee's role	Your first meeting (S) Your second meeting (S) Duties (T) Powers and responsibilities (T) Advisers and suppliers (T)
		Running your scheme	Mince pie anyone? (S) Trustee Meetings (T)
10b	The balance of powers between the sponsoring employer and trustees	Pensions law	Trouble ahead? (S) Negotiating with the employer (T)
		DB recovery plans, contributions and funding principles	Preparation (S) Determining contribution rates (T)
		Running your scheme	Spring has sprung (S) Folder for new trustees (T) Trustee meetings (T)
10c	Categories of membership in the scheme	Introducing pension schemes	Your introduction (S) What is a pension scheme? (T)
		Running your scheme	Mince pie anyone? (S) Trustee meetings (T)
10d	Benefits offered (DB only)	Introducing pension schemes	Your introduction (S) What is a pension scheme? (T) Benefits (T)
		Running your scheme	Mince pie anyone? (S) Trustee meetings (T)
10e	Decumulation of pension funds (DC only)	How a DC scheme works	Member understanding (S) Decisions at retirement (T)

Unit 11: A working knowledge of the scheme's Statement of Investment Principles (SIP)

No	Scope stem items	Toolkit module	Scenario (S) or Tutorial (T) heading
11a	Roles and responsibilities for preparing the SIP	Fund management	Time for a change? (S) Tactical investment decisions (T)
		Strategic investment	Looking at the risks (S) The Statement of Investment Principles (T)
11b	The scheme's investment objectives and asset allocation strategy	Fund management	Time for a change? (S) Tactical investment decisions (T)
		Strategic investment	Looking at the risks (S) The Statement of Investment Principles (T)
11c	The contents of the SIP	Fund management	The quarterly report (S) A question of style (S) Performance against targets (T) Active or passive (T) Value or growth (T) A unique relationship (T)
		Strategic investment	Looking at the risks (S) The Statement of Investment Principles (T)
11d	Monitoring and updating the SIP as appropriate	Fund management	Time for a change? (S) Changing a fund manager (T)
		Strategic investment	Looking at the risks (S) The Statement of Investment Principles (T)

Unit 12: A working knowledge of the scheme's Statement of funding principles (SFP) (DB schemes only)

No	Scope stem items	Toolkit module	Scenario (S) or Tutorial (T) heading
12a	Roles and responsibilities for preparing the SFP	DB recovery plans, contributions and funding principles	Documents (S) The statement of funding principles (T)
12b	The scheme's statutory funding objective	DB recovery plans, contributions and funding principles	Documents (S) The statement of funding principles (T)
12c	Contents of the SFP	DB recovery plans, contributions and funding principles	Documents (S) The statement of funding principles (T)
12d	Monitoring the SFP	DB recovery plans, contributions and funding principles	Documents (S) The statement of funding principles (T)

Unit 13: A working knowledge of the scheme's other relevant documents

These include:

No	Scope stem items	Toolkit module	Scenario (S) or Tutorial (T) heading
13a	Scheme booklet, announcements and other member communications	Introducing pension schemes	Finding out more (S) Important documents (T)
		How a DC scheme works	Member understanding (S)
		Running your scheme	Phew, it's hot outside! (S) Members' popular report (S)
13b	Principal contents of the most recent actuarial valuation and subsequent actuarial advice (DB only)	Running your scheme	Spring has sprung (S) Autumn leaves (S) Business plan – planning exercises (T) Business plan – the living document (T)
13c	Minutes of meetings	Introducing pension schemes	Finding out more (S) Important documents (T)
		Running your scheme	Spring has sprung (S) Mince pie anyone? (S) Folder for new trustees (T) Trustee meetings (T)
13d	Regular stewardship reports	The trustee's role	The new trustee (S)
		Running your scheme	The business plan – the living document (T)
13e	Schedule of contributions (DB) and any payment schedule (DC)	Introducing pension schemes	Finding out more (S) Important documents (T)
13f	Internal audit reports or reports of alternative internal checks	Introducing pension schemes	Finding out more (S) Risk controls (T)
		Running your scheme	The business plan – the living document (T)
13g	Annual report and accounts for the scheme and for the sponsoring employer	Introducing pension schemes	Finding out more (S) Important documents (T)
		Running your scheme	Phew, it's hot outside! (S) Autumn leaves (S) Annual report and accounts (T) Business plan – planning exercises (T)

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Unit 13: A working knowledge of the scheme's other relevant documents *continued*

13h	Any significant contract in respect of scheme assets	Introducing pension schemes	Finding out more (S) Important documents (T)
		Running your scheme	Spring has sprung (S) Folder for new trustees (T) Five major documents (T)
13i	Any other significant agreement or contract	Introducing pension schemes	Finding out more (S) Important documents (T)
		Running your scheme	Spring has sprung (S) Folder for new trustees (T) Five major documents (T)
13j	Any trustee approved procedures	Running your scheme	Spring has sprung (S) Five major documents (T)
13k	Statement of compliance with the Myners principles (where appropriate)	Strategic investment	Looking at the risks (S) The Statement of Investment Principles (T)
13l	Terms of reference of any sub-committee (where relevant)	The trustee's role	Your second meeting (S)
		The 4 major asset classes	Looking after investments (T)
		Running your scheme	Spring has sprung (S) Five major documents (T)
13m	Memorandum and Articles of Association of corporate trustee (where applicable)	Introducing pension schemes	Finding out more (S) Important documents (T)
		Running your scheme	Spring has sprung (S) Folder for new trustees (T)
13n	The scheme's business plan	Running your scheme	Autumn leaves (S) Business plan – planning exercises (T) Business plan – the living document (T)
13o	Job descriptions for the chair and for the trustees	Running your scheme	Mince pie anyone? (S) Trustee meetings (T)

Continued over...

Unit 13: A working knowledge of the scheme's other relevant documents *continued*

13p	Trustee skills audit, training needs analysis and training log	Running your scheme	Autumn leaves (S) Mince pie anyone? (S) Business plan – planning exercises (T) Trustee meetings (T) The role of the chair (T)
13q	The whereabouts of all original documents and the arrangements for their custody, safekeeping and access	The trustee's role	The new trustee (S) Becoming a trustee (T)
		Running your scheme	Spring has sprung (S) Folder for new trustee (T)